

62 VOTING OF GRANTS—INSTRUCTIONS FOR GIVING NOTICE OF MOTIONS
FOR REDUCTION OR OMISSION

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for the reduction of a uniform sum of Rs. 100. Token motions by Leaders of Parties will be given precedence over similar motions by other Members. Token motions will be given precedence over motions for effecting economies.

“ I may also mention that motions for the reduction of an item in a grant must have reference only to that particular item and not to the whole policy of the Government on other items also.

“ For the convenience of hon. Members, blank forms of motions have been printed and are available in the office. They can be obtained by any hon. Member on application to the Assistant Secretary. It is requested that all the details required in the form will be duly filled in by hon. Members.

“ Lastly, I should like to remind hon. Members, of proviso 2 to Standing Order 53 under which motions for the omission of an item in a grant or for the reduction of a grant or an item thereof shall be received up to 3 p.m. of the third day after the close of the general discussion of the budget, i.e., up to 3 p.m. on the 8th. Although proviso 3 of that Standing Order gives me discretion to admit new motions subject to such shorter period of notice as I may think fit, it is my intention to use this discretion only in cases where motions for omission or reduction are necessitated by reason of any event occurring after the 8th March.”



PRESENTATION OF THE BUDGET FOR 1927-28.

The hon. Mr. T. E. Moir:—“ Mr. President, Sir, in placing before the Legislative Council the Budget Estimates for the financial year 1927-1928 it is my intention in accordance with established custom briefly to review in the first place our financial fortunes in 1925-1926 for which the final figures are now available, and then to set forth the position as it will stand on the 31st March 1927 so far as it is known or can be estimated on the basis of the nine months figures which are at our disposal before dealing with our anticipated resources and proposals for utilizing them in 1927-1928.

“ It will, I think, be to the greater convenience of Honourable Members if matter relevant to the Revenue accounts of these three years with which we are concerned is presented first and in consecutive form and then similarly all matter arising out of our Capital and Debt heads, their inter-relations being referred to where necessary. This is the only innovation in this year's speech introducing the Budget to which I need draw attention.

REVENUE ACCOUNT.

Accounts of the year 1925-1926.

“ 2. The Revenue account of the year 1925-1926 opened with a balance of 12 lakh. The Budget Estimate anticipated a revenue of 1,651.79 lakhs, and an expenditure of 1,622.21 lakhs increased to 1,649.13 lakhs by supplementary grants sanctioned during the year

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out of the remission of the contribution. The actual revenue was 1,693·60 lakhs and the expenditure 1,595·23 lakhs and the closing balance 98·49 lakhs.

"Under Revenue the increase of 41·81 lakhs was due to special non-recurring credits from the Government of India amounting to 19·71 lakhs under Pensions and Miscellaneous, to an additional recurring assignment of 4·84 lakhs sanctioned by the Government of India during the course of the year in respect of unified stamps, to a non-recurring item of about 13 lakhs, inclusion fees in the West Godavari and Kistna districts for which credit had not been taken in the budget, and to an improvement of about 7 lakhs in the Land Revenue collections owing to a favourable season. There were also special credits under Civil Works amounting to about 2 lakhs, while Incometax, a head not under our control, gave $4\frac{1}{4}$ lakhs under Devolution Rule 15 where nothing had been anticipated.

"On the other hand increased expenditure on repairs to irrigation works reduced revenue by 7·14 lakhs, Excise revenue fell short of the budget estimate by 4·88 lakhs mainly due to decreased consumption of country spirits, while book transactions in connexion with the commercialization of the Mount Stuart and Nilambur forests reduced revenue by 3·06 lakhs with a corresponding reduction in expenditure. Minor variations account for the small difference between the totals of these main items.

"Under the Expenditure heads a decrease of 3·44 lakhs under Land Revenue resulted from the appointment of tahsildars in connexion with records maintenance being delayed and from savings in respect of revenue inspectors and settlement parties. A reduction of 4·19 lakhs under Forests was mainly due to the commercialization of certain undertakings. Expenditure under Education fell short of anticipations by 6 lakhs mainly due to savings in the pay of teachers, on stipends, scholarships, and grants-in-aid to secondary schools. Under Public Health the allotment for the Bellary water-supply scheme was not fully expended and local bodies failed to utilize a considerable amount of the grant of $6\frac{1}{4}$ lakhs for rural water-supply, the short expenditure amounting in all to 4·81 lakhs. A decrease of nearly 3 lakhs under Industries was due to the cessation of manufacture in the Fruit Preserving Institute, the commercialization of the Madura Industrial Institute and other savings. Under Civil Works a decrease of 4·80 lakhs was largely due to local boards failing to utilize a grant of $6\frac{1}{4}$ lakhs for village communications and to the part lapse of the provision made for Government buildings. Interest charges were reduced by 2·66 lakhs. Our borrowings in 1924-1925 were reduced and a change in the date of

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repayment resulted in an increase in the repayment of principal and a reduction in the amount adjusted under interest. A reduction of 5·74 lakhs under Police was due to temporary short recruitment and to the reallocation of Police divisions. Under Pensions a reduction of 4·06 lakhs was mainly due to the pensions paid at the Bangalore and Trivandrum treasuries being correctly debited to the Central Government. Lower market prices and various economies reduced Stationery and Printing charges by 4·26 lakhs. The Lee Commission concessions cost $3\frac{1}{2}$ lakhs less than was anticipated. On the other hand, we had to pay in March 1926, 2·06 lakhs for opium for consumption in the first quarter of the current year; repurchase of the Pykara concession and the investigation of hydro-electric schemes cost 2 lakhs.

Estimates of 1926-1927.

" 3. Turning now to the Budget Estimates for the current year, they anticipated a revenue of 1,634·20 lakhs and an expenditure of 1,710·66 lakhs, leaving a deficit of 76·46 lakhs. Further demands which were voted by the Legislative Council involved an addition of 12·11 lakhs to the expenditure heads and a reduction in revenue of ·17 lakh. This would have resulted in a total deficit of 88·74 lakhs, but a further remission of 57 lakhs in the Provincial contribution reduced this figure to 31·74 lakhs.

" Our revenue is now estimated at 1,654·03 lakhs or 20 lakhs, in excess of the budget estimate. A decrease of $6\frac{1}{2}$ lakhs under Land Revenue and of half a lakh under Registration is more than made good by an increase of $19\frac{1}{2}$ lakhs under Excise, of nearly a lakh under Stamps, of nearly 2 lakhs under Forests and of half a lakh under Taxes on Income, while minor variations, *plus* and *minus*, under departmental receipts, Interest and Miscellaneous are expected to show a net improvement of 4 lakhs.

" 4. These figures relate only to the fluctuations within the year so far as we can at present gauge them. The Legislative Council may wish to know, with reference to these annual variations, whether there is any fixed standard of comparison by which we can judge one year by another or, what is more important, estimate the normal expansion of our revenues. There are four factors which complicate any attempt to arrive at such a standard. In the first place, the level of taxation must be the same and that restricts any comparison to the series of years beginning with 1922-1923 in which year the enhanced rates for stamp duties, court fees and registration fees came into force. In the second place, alterations or technicalities in the structure of the accounts have to be taken into account. As regards alterations, the most important concerns Opium. From 1925-1926 the gross sale-proceeds are shown as revenue, the cost

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Mr. G. HARISARVOTTAMA RAO:—"May I know what the Government propose to do in the matter of suspension of the revenue collection which is more heavily pressing upon the people than anything else and also in the matter of remission?"

The hon. Mr. N. E. MARJORIBANKS:—"No remission or suspension is contemplated."

Mr. K. KOTI REDDI:—"May I know whether the question of free grazing in Cuddapah has been considered by the Government?"

The hon. Mr. N. E. MARJORIBANKS:—"The matter has been decided by the Collector and the Conservator of Forests. I do not know whether it is allowed in Cuddapah."

Mr. K. KOTI REDDI:—"Is the hon. Member aware that grazing fees have been increased this year? If so, considering the bad condition of the district will the hon. Member see that it is reduced?"

The hon. Khan Bahadur MUHAMMAD USMAN SAHIB Bahadur:—"I do not think that the grazing fees were increased this year. The orders were cancelled."

Mr. G. HARISARVOTTAMA RAO:—"With reference to the answer given by the hon. the Revenue Member that the question of allowing free grazing is one for the Collector and the Conservator to decide, may I ask him whether he does not think it necessary to interfere with the decision of these officers and ask them to grant the concession liberally in times of famine and scarcity? Is it not within his province?"

The hon. Mr. N. E. MARJORIBANKS:—"Certainly, Sir, if I had any reason to think that it has not been considered liberally."

Mr. K. KOTI REDDI:—"Will the hon. Member enquire into the matter?"

The hon. Mr. N. E. MARJORIBANKS:—"I have every reason to suppose that the matter is considered liberally."

Damages to lands by the Padne bar in Kasaragod taluk.

* 118 Q.—**MAHMUD SCHAMNAD SAHIB Bahadur:** Will the hon. the Member for Revenue be pleased to state—

(a) whether it is a fact that damages are caused to the adjoining lands and cultivators by the Padne bar in the Kasaragod taluk of South Kanara district on account of erosion and overflow of salt water into the fields;

(b) whether the Government will be pleased to place on the table the reports of the Collectors of South Kanara in connexion with the measures proposed for preventing the damages; and

(c) what they propose to do in the matter?

A.—(a) The Government have no information.

(b) No reports have been received.

(c) The Government will call for a report.

MAHMUD SCHAMNAD SAHIB Bahadur:—"Will the Government be pleased to call for a report also on the extent of the damage caused to the adjoining lands and the damage that is likely to be caused in the near future?"

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" 5. Turning now to our expenditure for the current year the revised estimate is 1,617·81 lakhs as against the budget estimate of 1,665·77 lakhs, a fall of 47·96 lakhs. The main savings include 2·85 lakhs under Land Revenue due mainly to delay in the appointment of the second batch of Tahsildars for the maintenance of records, and savings under revenue inspectors and survey charges. An item of 7 lakhs does not represent any real saving. In 1925-1926 a special provision of 6·25 lakhs for rural communications and of 6·25 lakhs for rural water-supply was made in the budget. The amount actually disbursed in 1925-1926 was much higher than was anticipated and appears in the accounts of that year; the balance to be paid in 1926-1927 was therefore seven lakhs less than was expected. Apart from this paper saving, the main reduction, 21·58 lakhs, arose under short expenditure in Civil Works almost entirely on works sanctioned or under construction. This of course is merely deferred expenditure. A reduction of 2·61 lakhs under Administration of Justice represents mainly savings in the pay of Civilian District Judges on leave or on other duty and in the pay of establishments. Short recruitment and reallocation of police divisions account for a fall of 4·96 lakhs under Police, while a saving of 2·67 lakhs under Jails and Convict Settlements arises from a reduction in the jail population and the utilization of excess stores of raw materials in the manufacturing departments. A short expenditure of 6·70 lakhs under Education is due to delay in the selection of a site for the Madras University laboratories, to slow progress in opening schools by local bodies and in the construction of buildings for which grants had been provided, to savings in the pay of officers and to trained teachers not being available. An increase of 4·57 lakhs under Superannuation Pensions results from adjustments of outstanding debits and credits between the Central and the Provincial Governments. If our revised anticipations prove correct the revenue account of the year will show a surplus of 36·22 lakhs and including the opening balance will close with a balance of 134·71 lakhs which will become the opening balance for 1927-1928, with the revenue budget estimates for which we are now in a position to deal.

Budget Estimate for 1927-1928.

" 6. The total revenue anticipated is 1,654·80 lakhs or three-fourths of a lakh more than the revised estimate of the current year. Income-tax is expected to give us an increase of 1·88 lakhs, and there will actually be a reduction of 1 lakh in revenue heads under our own control. Petty variations under service heads and Miscellaneous account for a reduction of 1·10 lakhs. Assuming favourable seasonal conditions Land Revenue is expected to give 754·86 lakhs, an increase of 14·81 lakhs, a small increase under Stamps and Registration will give an additional $1\frac{1}{4}$ lakhs, while Interest, that is to say,

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recoveries under the head of Loans and Advances by the Provincial Government will provide 23·34 lakhs, an increase of 2·54 lakhs. As will be explained later, this receipt is one which we have ourselves to pay again to the Provincial Loans Fund from which we borrow. Under Forests a reduction of 3·57 lakhs is accounted for by smaller revenue under sandalwood and by book transactions relating to the commercialization of the Chenat Nair Forests. The principal anticipated reductions in our revenue, however, occur under Excise 7·09 lakhs and under Revenue head XIII. Irrigation 8·33 lakhs. As has already been stated, expenditure on works for which capital accounts are kept is shown as a reduction of revenue, and the net *minus* figure after allowing for departmental receipts is 48·11 lakhs against 39·78 lakhs, the revised estimate for the current year. This is due to further provision for carrying out the recommendations of the Cauvery Committee and to additional allotments for the maintenance of the Kistna delta system. In the three years beginning with 1921-1922, the average net expenditure was $27\frac{1}{4}$ lakhs. The figures for 1924-1925 to 1927-1928 will represent a total expenditure in excess of that average of $52\frac{1}{4}$ lakhs due partly to the damage caused by floods and partly to improved standards of maintenance. We may hope for some measure of relief when the flood damages have been finally rectified and past neglect repaired.

" 7. Turning now to the estimate of expenditure, I would first direct attention to that expenditure which will be required in the coming year merely to carry on our existing commitments under recurring and non-recurring expenditure. It amounts to Rs. 1,642·34 lakhs or 24·53 lakhs in excess of the revised estimates for the current year; that is to say, after making provision for existing establishments and carrying on civil works under progress to completion or a further step towards completion we shall have in hand a balance of only 12·46 lakhs out of the year's revenue for additional expenditure. It must be remembered, however, that to obtain a correct comparison we must exclude from the revised estimate of the current year a sum of 65 lakhs, the provision for non-recurring and special items. The actual increase over the ordinary expenditure is therefore $89\frac{1}{2}$ lakhs and is accounted for as follows: Additional expenditure due to increments under the time-scales of pay which have not yet reached equilibrium is estimated at $7\frac{1}{2}$ lakhs. Our increased borrowings represent an addition to our debt charges under interest and repayment of principal of $13\frac{1}{4}$ lakhs. Pension charges have increased by 4 lakhs, and our obligatory payments under the Elementary Education Act by 2·38 lakhs. It will cost an additional $12\frac{2}{3}$ lakhs to provide for a full year's expenditure in 1927-1928 in respect of sanctioned establishments which were either not recruited in full or employed only for

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part of the year in 1926-1927. An additional sum of 5·83 lakhs is required for the normal development of our accepted educational programme. Other recurring items, including $1\frac{2}{3}$ lakhs for the improved maintenance of agency roads transferred to the Public Works Department, account for approximately 5 lakhs. The total additional recurring expenditure is therefore $50\frac{2}{3}$ lakhs. Additional non-recurring expenditure amounts to 38·87 lakhs, the main items being an increased provision of 15·91 lakhs for Civil Works in progress on which larger expenditure will be incurred in 1927-1928, 5·52 lakhs for the maintenance of irrigation works and 9·51 lakhs for roads and bridges. In brief, our ordinary recurring expenditure at the close of the coming financial year will have increased by $50\frac{2}{3}$ lakhs and if our revenues remain stationary there will be a residue of only 39 lakhs from which to meet such increases under incremental scales, pensions and debt charges as will fall due in 1928-1929. When these have been provided for, little will be left for new commitments.

" 8. Reference may now be made to the principal new items for which we have provided in the budget of the coming year. From the financial point of view, these proposals are classified as 'non-recurring' and 'recurring'. A 'non-recurring' item of expenditure, e.g., the construction of a bridge, may take more than one financial year to carry out, but once completed in itself involves no further liability; a 'recurring' item is one which adds to the permanent charges, e.g., the opening of an additional court or of a new school. Schemes involving a recurring expenditure of 14·93 lakhs and a non-recurring expenditure of 76·37 lakhs in 1927-1928 were placed before the Finance Committee which gave special preference to schemes requiring an expenditure of 80·68 lakhs in 1927-1928 and a total commitment of 20·67 lakhs recurring and 213·95 lakhs non-recurring. These schemes together with a few minor proposals to which greater importance was attached by the departments concerned have been incorporated in the Budget. The Medical department and its twin sister, the department of Public Health, get a generous share of what is available, a total of 20·07 lakhs. The outstanding items are the remodelling of the General Hospital, Madras, and a new Headquarter Hospital, Madura. These two items, essential and belated though they be, conceal under a modest provision of 3 lakhs a total liability of 51 lakhs, and preclude our undertaking further big schemes of this kind for some years to come. Under Education a recurring expenditure of 4·99 lakhs and a non-recurring expenditure of 9·35 lakhs involve a total commitment of 24·32 lakhs. Buildings and equipment and grants for these purposes account for 6·97 lakhs and a liability of 13·71 lakhs, the opening of additional elementary

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schools will require 4·33 lakhs, and so rapidly is the demand for trained teachers exceeding the supply that a provision of 1·46 lakhs for training facilities has been found necessary. Under other departments a quiet extension of existing policies and programmes is the main feature; for example the activities of the Labour department will expand in its present sphere and be extended to two additional districts, it is proposed to open more sub-registry offices and veterinary dispensaries, and to make further progress with the housing of our police subordinates. Under Civil Works I ought to make reference to the construction of a bridge over the Cauvery near Sivasamudram to replace the historic and interesting structure which had withstood the floods of centuries to go down at last with others of much more recent date in the great flood of 1924. Its successor will cost 4·15 lakhs. A beginning will be made with the buildings required for the new district of West Godavari, and a co-ordinated programme for the improvement of communications in the Agency tracts initiated.

"The eye of each of our departments is apt to be larger than its digestive apparatus, and it is not possible for us to meet every demand put before us, but none can complain of stagnation and the quiet consolidation of the somewhat rapid developments of the last few years will make large calls on their administrative capacity. But while they look for new worlds to conquer we have to find the means to liquidate the victories they have already won. I have pointed out that to maintain our establishments on their existing scale will absorb much of the annual growth of our revenues for some years to come. Our other commitments are mainly in respect of works under construction and grants to local bodies. That they are somewhat formidable will be realized when I say that if on the 31st March 1928 we refused to accept any new schemes or further liabilities the balance of revenue commitments in respect of the former would amount to $141\frac{1}{2}$ lakhs and of the latter to $64\frac{1}{2}$ lakhs, that is to say, nearly four times the average amount we have been able to provide for such purposes from our revenues during the last three years.

Seasonal Conditions.

"9. Beforeturning from the Revenue section of our Budget I may be allowed a reference to the seasonal conditions which have affected our prospects and made it necessary to take a somewhat subdued view of our spending capacity. The Revenue head most directly affected is Land Revenue. In 1925-1926 the gross demand, excluding ayacut inclusion fees but including 57·18 lakhs, the opening balance, was approximately 821 lakhs, remissions amounted to 7·82 lakhs and actual collections, after deducting adjustments 5·59 lakhs and refunds

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3·51 lakhs, amounted to $757\frac{3}{4}$ lakhs. For the current year the revised estimate is approximately 822 lakhs gross demand, adjustments 1·67 lakhs and refunds 7·48 lakhs, remissions 18·04 lakhs and net collections 740·05 lakhs. Apart from the increase in remissions the uncollected balance is expected to exceed that of the previous year by $8\frac{1}{3}$ lakhs. These adverse influences will affect 1927-1928 also, even assuming a return to ordinary conditions, for of a gross demand exceeding that of 1925-1926 by 10 lakhs actual collections are expected to be 3 lakhs less, and the uncollected balance to increase by another 9 lakhs to 64 lakhs against $46\frac{3}{4}$ lakhs in 1925-1926. Past experience shows that much of these uncollected balances become remissions and are permanently lost.

" 10. It is a matter of great regret that an unfavourable season should have reduced our resources, temporarily affected the spending power of considerable sections of the community, and diminished employment. But I would deprecate an undue exaggeration or pessimism which is likely to have unfavourable psychological reactions, to encourage the withholding of supplies from markets and to justify and thereby to intensify on the part of dealers in grains and other essentials a natural tendency to timidity and caution which is apt to square with their conception of their own interests. After all, we are not inexperienced in unfavourable seasons or lacking in the machinery to deal with them. We have had a series of seasons which have been on the whole favourable and added to the general resources of the ryots and there is no reason to suppose that there will be any insufficiency of food supplies. Here to-day we are concerned with the part which the State can play in alleviating distress. And it is comforting to think that we are not compelled to reduce that programme of works which provides employment to the country. On the contrary under irrigation works, under minor irrigation works and civil works our budget for 1927-1928 provides for an additional expenditure of 41 lakhs. Our increased expenditure under capital works will also provide further employment for the labouring classes, and, as Honourable Members are aware, our Railway Companies have under execution a programme of construction and extension which will materially help in providing employment. From information kindly placed at my disposal by the Agents of the Madras and Southern Mahratta and South Indian Railways, I understand that there will be a total expenditure in 1927-1928 on lines in progress and new lines or other works to be constructed, exceeding 4 crores, and that direct payments to labour in the shape of wages will be at least one-third of that amount. The local of these undertakings is of course definitely determined and although they will attract certain classes of labour from elsewhere they cannot be shifted to other areas with

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reference to local conditions. Our policy in regard to areas where lack of employment declares itself is as far as possible to co-ordinate our measures for providing it with the programmes of local bodies, and by anticipating and expanding these programmes to obtain as much advantage or benefit from our expenditure as the conditions under which we work will permit. It may be that in some areas the limits to which this policy can be adopted will prove inadequate and that relief works on that larger and more concentrated scale which the Famine Code contemplates will be required. In that case we shall not hesitate to have recourse to them. As regards the resources at our disposal we have 30·57 lakhs in our Famine Insurance Fund, a further payment to the fund of 6·61 lakhs in 1927-1928, and we may hope that this will prove more than adequate to meet all requirements until a timely South-west monsoon enables local agricultural operations to be resumed. As our next line of reserve we shall have a revenue balance of 40·91 lakhs on which to draw. Should that in turn be exhausted we shall have to ask the various departments to adapt their programmes of new expenditure to the imperative need to provide employment on as large a scale as possible where it is most required. It is unnecessary to say more now. The measures indicated go much beyond anything we need at present contemplate as likely to be necessary.

CAPITAL AND DEBT HEADS.

" 11. It is now necessary in order to complete this review of our financial position and programme for the coming year to deal with transactions under the capital and debt heads. As Honourable Members are aware since the 1st April 1925 these operations are financed from the Provincial Loans Fund, and cover two classes of loans, the borrowings of the Local Government on its own account, and its borrowings on behalf of others. These borrowings are again each divided into two categories, productive and unproductive, the rate of interest on the latter being $\frac{1}{4}$ per cent higher. Under the former category come productive irrigation works, capital expenditure on fully commercialized concerns, and loans by the Provincial Government to cultivators, to local bodies and port trusts and to co-operative societies. Loans taken by Government are usually repaid out of revenue in equated payments. These loans so far as they are on behalf of others are repaid similarly in equated payments by the borrowers. We thus have every year a varying amount of recoveries in respect of principal available for fresh loans and for capital expenditure and our net borrowings are equivalent to our gross requirements *minus* the anticipated repayments.

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" 12. In 1925-1926 there was an opening balance of 16·17 lakhs and recoveries of advances amounted to 37·97 lakhs ; an advance of 88·61 lakhs from the Fund raised our total resources to 142·75 lakhs, disbursements amounted to 101·80 lakhs on productive and 16·77 lakhs on unproductive purposes, and the total balance, the opening balance for the current year, was 24·18 lakhs. An expenditure of 8·44 lakhs on the Cauvery-Metur project signalized the inception of a scheme of the first magnitude which will greatly increase our borrowings in the next few years. At present by arrangement with the Government of India we only pay simple interest annually on our borrowings for this project, the repayment of capital as a long term loan will commence only when the project becomes a revenue producing asset.

" The Budget Estimate for the current year amounted to 243·72 lakhs, the opening balance and anticipated recoveries providing 54·63 lakhs of this amount. An advance of 201·76 lakhs from the Provincial Loans Fund distributed as follows, Cauvery-Metur project 1 crore, Pykara Hydro-electric Scheme 10 lakhs, other productive purposes 91·76 lakhs, raised our resources to 256·39 lakhs giving a small balance of about 12 lakhs for contingencies. The provision of 10 lakhs for the Pykara scheme was based on the anticipations of the Public Works Department that this further important scheme for the development of our resources would be sanctioned and commenced within the year. The revised estimate of total expenditure is only 198·58 lakhs or 45·14 lakhs less than the estimate. The examination of constructional and other problems in connexion with the Metur project has taken longer than was anticipated and expenditure will amount only to 54·27 lakhs, while no capital expenditure will be possible on the Pykara project which is still under investigation. Short expenditure under these two heads will therefore amount to 55·73 lakhs. We have, however, increased our loans to municipalities mainly for electric lighting schemes by 8·11 lakhs and an additional provision of 7·20 lakhs for the payment of the commuted value of pensions, an item now met from loans, together with minor variations under other items will bring the total expenditure to 198·58 lakhs as stated and leave a balance of 57·81 lakhs with which to open the account for 1927-1928. With the requirements of that year I now propose to deal. The estimated expenditure under the Metur project is 129·39 lakhs and under the Pykara scheme 6 lakhs. Other productive purposes including new schemes placed by the Finance Committee in Class II will require a total provision of 111·88 lakhs. 21·60 lakhs is provided for other irrigation works including one lakh towards the construction of the Kattalai bed regulator, 47·70 lakhs for advances to local authorities and

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26·21 lakhs for advances to cultivators. Under 'unproductive' loans amounting to 27·64 lakhs, the main item is 11·81 lakhs provided for civil works not charged to revenue. These works were initiated out of loan funds at a time of financial stringency. Strictly speaking, they ought to have been met from revenue; the financial result was the same; we borrowed at the same rate for capital expenditure as if the expenditure had been charged to revenue and gone to create a revenue deficit or to reduce revenue balances. Then we have 9·90 lakhs provided for the payment of commuted value of pensions, 4 lakhs for loans under the State-Aid to Industries Act and 1·54 lakhs for the acquisition of house-sites for the depressed classes. Our total requirements therefore amount to 274·91 lakhs and it is proposed to meet them thus: the opening balance 57·81 lakhs and anticipated recoveries 32·63 lakhs will provide 90·44 lakhs; we have asked the Provincial Loans Fund to advance us 160 lakhs, and propose to utilize for the balance 24·47 lakhs from our closing revenue balance of 65·38 lakhs, thus leaving a sum of 40·91 lakhs from which, after meeting any imperative expenditure during 1927-1928, the opening revenue balance of 1928-1929 will be found.

"13. With your permission, Sir, I propose now to set forth the extent of the commitments which underlie our Loans Budget. In doing so Hydro-electric projects must for the present be excluded. The estimates for the Pykara scheme are under examination and the manner in which it should be financed has yet to be determined. The estimates for schemes now under execution amount to 774·96 lakhs, and the balance of loans yet to be raised will on the 31st March 1927 be 624·16 lakhs. New schemes for 1927-1928 will add a fresh liability of 52·06 lakhs making a total of 676·22 lakhs of which 171·29 lakhs will be provided for in 1927-1928 by borrowings and from revenue balances. The net amount still to be raised will therefore be 504·93 lakhs exclusive of Hydro-electric schemes or other fresh commitments. The rate at which that sum will have to be borrowed depends mainly on the time which the construction of the Cauvery project will take. That everything possible should be done to expedite construction and to secure revenue under it is in the interests not only of the ryots concerned but of our future finances. Our Capital and Debt head transactions are not of course confined to schemes now under or approaching construction. We carry the past on our shoulders and the completion of a scheme does not conclude the financial liabilities to which it gave rise. Under the financial settlement we commenced the new era with a debt amounting to 985·12 lakhs. 875·26 lakhs represented old capital expenditure on irrigation works on which we pay a fixed interest charge of 29·69 lakhs. 109·86 lakhs the balance of old Provincial Loans and

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Advances is being liquidated by annual payments of 9·50 lakhs. By the 31st March 1928 we shall have borrowed an additional gross sum of 822·66 lakhs at varying rates of interest and repaid 195·22 lakhs, the amount outstanding being 1612·56 lakhs, made up as follows, capital expenditure on irrigation works and Hydro-electric schemes 1165·97 lakhs, loans and advances by the Provincial Government 366·64 lakhs, capital expenditure on commercial concerns 12·93 lakhs, and borrowings to finance revenue deficits and civil works chargeable to revenue 67·02 lakhs, this small sum representing our unproductive debt. The amount due to Government from local authorities and other borrowers will on the 31st March 1928 be 453·63 lakhs to set off against the net increase in our liabilities of 627·44 lakhs. The nature or the amount of our debt need not therefore cause us anxiety. With the exception of the small sum to which I have referred it relates to expenditure which is either now productive or will be productive or will be recouped from those to whom we in our turn have advanced loans. But the increase in our debt, however laudable the objects for which it is incurred, does cause us embarrassment in so far as it adds to our interest and reduction of debt charges which have to be met from revenues before corresponding returns begin to come in, and also in so far as we lend to others for longer terms than those within which we ourselves have to repay our borrowings for the purpose. In 1927-1928 our revenue expenditure under Interest and Reduction or Avoidance of Debt will amount to 103 lakhs against 81 lakhs in 1925-1926, that is to say, the amount available for other revenue expenditure is reduced by 22 lakhs.

Summary.

"14. Perhaps I may now be allowed to summarise the financial situation which I have endeavoured to explain in some detail. Against a revenue of 1654·80 lakhs we anticipate an expenditure of 1724·13 lakhs in 1927-1928. Expenditure on that scale is rendered possible only by the fact that we have accumulated revenue balances amounting to 134·71 lakhs. These balances once spent do not recur and represent in part unanticipated windfalls, in part expenditure in previous years less than that provided for in their budgets. We are also labouring under the disadvantages of an unfavourable season which will affect the revenues of the coming as well as of the current year. Even under normal circumstances these revenues increase but slowly and our existing commitments will for several years continue to absorb the major share of such additions to our resources. We have also large commitments under schemes of a non-recurring nature, while schemes of capital expenditure are for the present making

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for the reduction of a uniform sum of Rs. 100. Token motions by Leaders of Parties will be given precedence over similar motions by other Members. Token motions will be given precedence over motions for effecting economies.

“ I may also mention that motions for the reduction of an item in a grant must have reference only to that particular item and not to the whole policy of the Government on other items also.

“ For the convenience of hon. Members, blank forms of motions have been printed and are available in the office. They can be obtained by any hon. Member on application to the Assistant Secretary. It is requested that all the details required in the form will be duly filled in by hon. Members.

“ Lastly, I should like to remind hon. Members, of proviso 2 to Standing Order 53 under which motions for the omission of an item in a grant or for the reduction of a grant or an item thereof shall be received up to 3 p.m. of the third day after the close of the general discussion of the budget, i.e., up to 3 p.m. on the 8th. Although proviso 3 of that Standing Order gives me discretion to admit new motions subject to such shorter period of notice as I may think fit, it is my intention to use this discretion only in cases where motions for omission or reduction are necessitated by reason of any event occurring after the 8th March.”



PRESENTATION OF THE BUDGET FOR 1927-28.

The hon. Mr. T. E. Moir:—“ Mr. President, Sir, in placing before the Legislative Council the Budget Estimates for the financial year 1927-1928 it is my intention in accordance with established custom briefly to review in the first place our financial fortunes in 1925-1926 for which the final figures are now available, and then to set forth the position as it will stand on the 31st March 1927 so far as it is known or can be estimated on the basis of the nine months figures which are at our disposal before dealing with our anticipated resources and proposals for utilizing them in 1927-1928.

“ It will, I think, be to the greater convenience of Honourable Members if matter relevant to the Revenue accounts of these three years with which we are concerned is presented first and in consecutive form and then similarly all matter arising out of our Capital and Debt heads, their inter-relations being referred to where necessary. This is the only innovation in this year's speech introducing the Budget to which I need draw attention.

REVENUE ACCOUNT.

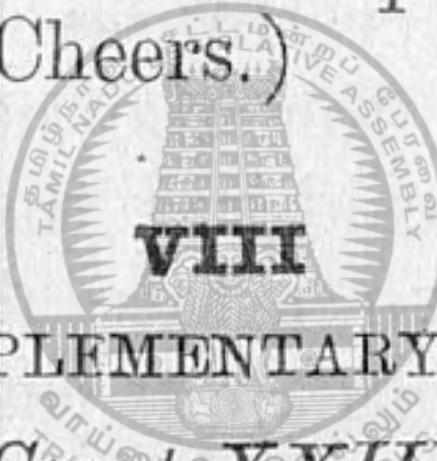
Accounts of the year 1925-1926.

“ 2. The Revenue account of the year 1925-1926 opened with a balance of 12 lakh. The Budget Estimate anticipated a revenue of 1,651.79 lakhs, and an expenditure of 1,622.21 lakhs increased to 1,649.13 lakhs by supplementary grants sanctioned during the year

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to this Presidency will be secured not merely by the good-will of the Government of India, but by the active co-operation of our own representatives in the Central Legislature. I have already stated that given our own revenues we can contemplate a noteworthy and continuous development of our ameliorative programmes during at least three years, that too without any additional taxation. Such is the prospect opened before our eyes ; it exceeds our most sanguine anticipations, and it is one which I venture to think this Council and the people of this Presidency will not readily forego.

" 16. In conclusion it is once more my pleasant duty to record my grateful appreciation of the manner in which the Finance Secretary and his staff have discharged a task which becomes more strenuous and more complicated every year. To their capacity and zeal I am greatly indebted and feel sure that Honourable Members of the Legislative Council realize how much their labours facilitate our debates. My cordial thanks are also due to all Members of the House who during the past year have served on the Finance and Public Accounts Committees to which the department looks and not in vain for advice and support." (Cheers.)



DEMAND FOR SUPPLEMENTARY GRANT FOR 1926-27.

Grant XXIII.

* The hon. Mr. A. RANGANATHA MUDALIYAR :—“ Mr. President, Sir, on the recommendation of His Excellency the Governor I beg to move that

‘the Government be granted an additional sum of Rs. 50,000 under ‘Grant XXIII—Civil Veterinary Services—Transferred’ for the purchase of sera and vaccines required for the inoculation of cattle against rinderpest during the year 1926-27.’

“ Sir, contrary to our expectations, rinderpest was rather very severe in the current year. We had also other outbreaks to face, and they are—I hope I am pronouncing the names correctly—haemorrhagic septicæmia and black quarter. We had made in the course of the year a provision in the budget for about Rs. 1,13,800, but as a matter of fact up to the end of December we had to exceed by a good figure the provision already made and probably the consumption of sera during the year would be six lakhs of doses for treating rinderpest, half a lakh for haemorrhagic septacæmia and 22,000 for the disease called black quarter. The cost of all this, including that for railway freight and other expenses, would come to about Rs. 1,67,800, which means an excess of Rs. 54,000 over and above the amount already provisionally provided for. We can find Rs. 4,000 as savings under other units in the grant already provided for. There then still remains a sum of Rs. 50,000 for which I have come before the House with a demand for a supplementary grant. Rupees 6,000 can be effected under Grant XXIV Co-operative Credit and Rs. 10,000 under Grant XXII Agriculture, and the balance will be found under Grant XXX Civil Works. I beg to move the demand.”